

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6917

BILL NUMBER: HB 1387

NOTE PREPARED: Dec 29, 2005

BILL AMENDED:

SUBJECT: Personal Needs Allowance.

FIRST AUTHOR: Rep. Borders

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☒ **FEDERAL**

IMPACT: State

STATE IMPACT	FY 2006	FY 2007	FY 2008
State Revenues			
State Expenditures		1,240,000	1,240,000
Net Increase (Decrease)		(1,240,000)	(1,240,000)

Summary of Legislation: This bill increases the monthly personal allowance for Residential Care Assistance recipients and Medicaid recipients from \$52 to \$60.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The total additional cost to the state for increasing the personal needs allowance from \$52 to \$60 is estimated to be \$1.24 M in each of FY 2007 and FY 2008.

Total expenditures are annually estimated to be \$3.0 M, with the federal share amounting to \$1.8 M.

Background Information: Residents of nursing facilities, intermediate care facilities for the mentally retarded (ICFs/MR), and individuals receiving assistance through the Assistance to Residents of County Homes (ARCH) and Room and Board Assistance (RBA) programs are allowed a monthly personal needs allowance of \$52 for FY 2006. The combined ARCH and RBA programs are jointly referred to as the Residential Care

Assistance Program, or RCAP. In the case of an RCAP recipient with no income, the state pays the recipient the personal needs allowance. This amount is not considered income to the individual in the determination of eligibility and is for the exclusive use of the recipient for personal needs.

Based on estimated numbers of Medicaid recipients in state-operated facilities, nursing facilities, CRF/DDs, as well as recipients of residential assistance in the RCAP program (a state-funded residential program), the total additional cost of increasing the personal needs allowance by \$8 per month (to a total of \$60) would be about \$3.0 M for FY 2007. This represents the total additional benefit to institutionalized individuals. This total expenditure consists of about \$1.8 M in federal share and about \$1.2 M in state dollars. (This is based on Medicaid program cost shares of about 62% federal and 38% state. As part of the impact to the state, the cost of changing the personal needs allowance for the approximate 1,465 RCAP recipients is about \$140,640 and would be funded solely from state funds.)

This estimate would be overstated to the extent that some individuals in the Medicaid program would have zero income. Increasing the personal needs allowance for an individual with no income would not affect state costs.

Explanation of State Revenues: See *Explanation of State Expenditures*, above, regarding federal reimbursement in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning and Residential Care Assistance Program.

Local Agencies Affected: County homes.

Information Sources: Family and Social Services Administration.

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